Survey of Business Uncertainty Monthly Report
June 2025

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SBU

Federal Reserve Bank *of* Atlanta

Based on survey responses from 9-20 June 2025

Headline Results
June 2025 Survey of Business Uncertainty

1. Sales revenue growth expectations have rebounded from their recent dip since April. (Slide 4)

2. Firms remain more uncertain about future sales growth than before the pandemic. (Slide 4)

3. Business executives expect wages to grow at a slower pace over the next year than they grew over the previous year. (Slide 7)

About the Survey

The Survey of Business Uncertainty (SBU) is fielded each month by the Federal Reserve Bank of Atlanta.

The SBU questionnaire goes to about 1500 panel members, who occupy senior finance and managerial positions at U.S. firms. We contact panel members each month by email, and they respond via a web-based instrument.

Survey questions pertain to current, past, and future outcomes at the respondent's firm. Our primary objective is to elicit the respondent's subjective forecast distributions over own-firm future sales growth rates and employment levels. We also ask special questions on timely topics.

For more information on survey design and methodology, please refer to the resources on the SBU page and "Surveying Business Uncertainty," published in the *Journal of Econometrics* and also available as NBER Working Paper 25956.

Nominal sales growth has slowed considerably over the past two years. Recent employment growth is in line with pre-pandemic growth.

January 2017–June 2025

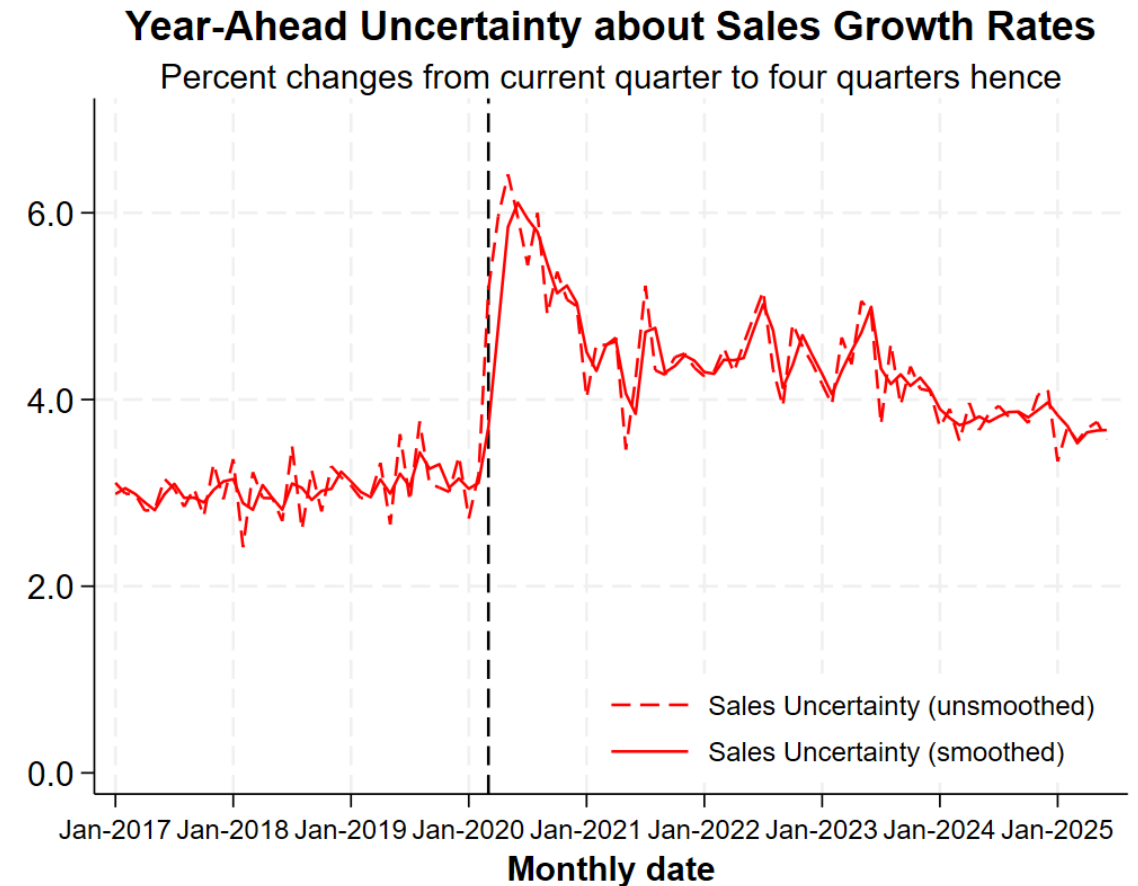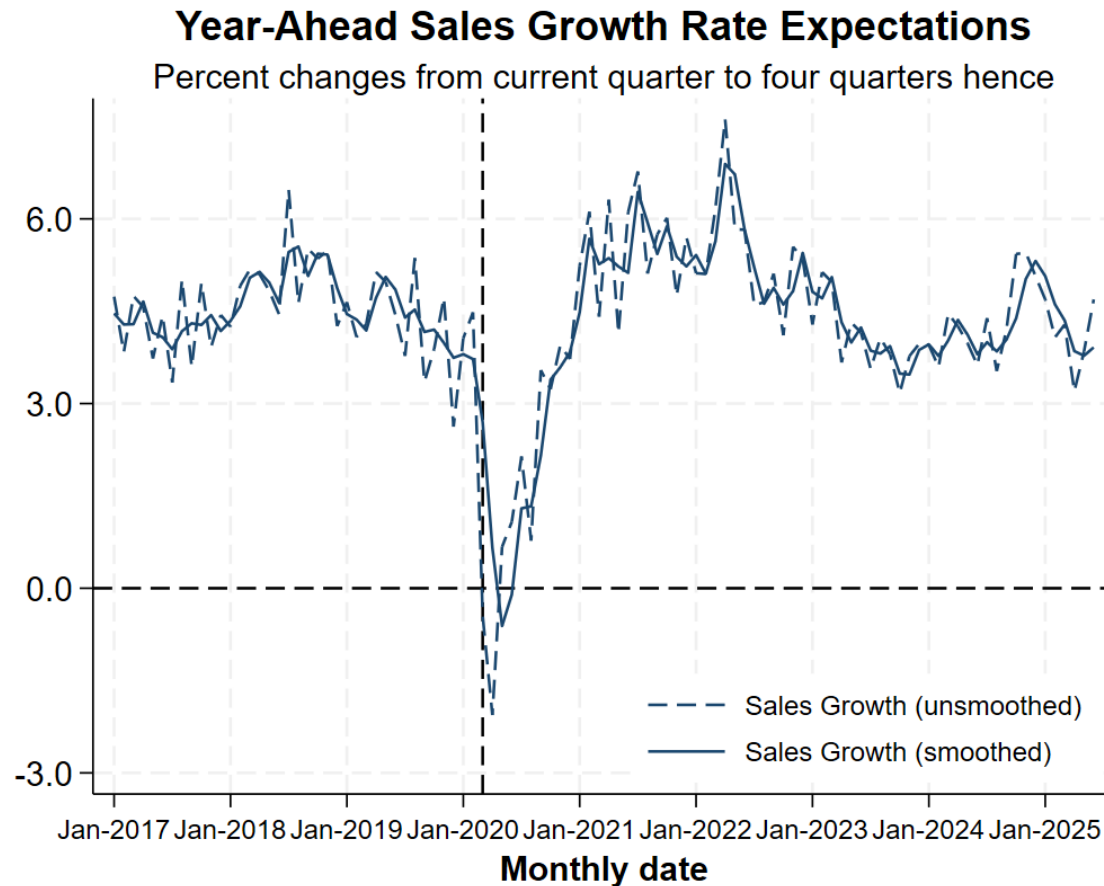### Realized Growth Rates over the Past Year

NOTE: Calculated using monthly data through June 2025. Realized growth rate series for sales revenue and employment are activity-weighted averages of firms' reported (look-back) growth rates over the past year (specifically, the previous four quarters for sales revenue and previous 12 months for employment).

NOTE: The chart shows smoothed series.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta. For more information, see "Surveying Business Uncertainty" by David Altig, Jose Maria Barrero, Nick Bloom, Steven J. Davis, Brent Meyer, and Nick Parker, NBER Working Paper No. 25956, February 2020. The vertical dashed line shown in the plot marks the start of the COVID-19 pandemic.

Sales revenue growth expectations have declined in recent months. However, firms remain more uncertain about future revenue growth than they were before the pandemic.

January 2017–June 2025

Year-Ahead Sales Growth Rate Expectations
Percent changes from current quarter to four quarters hence

- - - Sales Growth (unsmoothed)
— Sales Growth (smoothed)

Year-Ahead Uncertainty about Sales Growth Rates
Percent changes from current quarter to four quarters hence

- - - Sales Uncertainty (unsmoothed)
— Sales Uncertainty (smoothed)

NOTE: The charts show smoothed series.
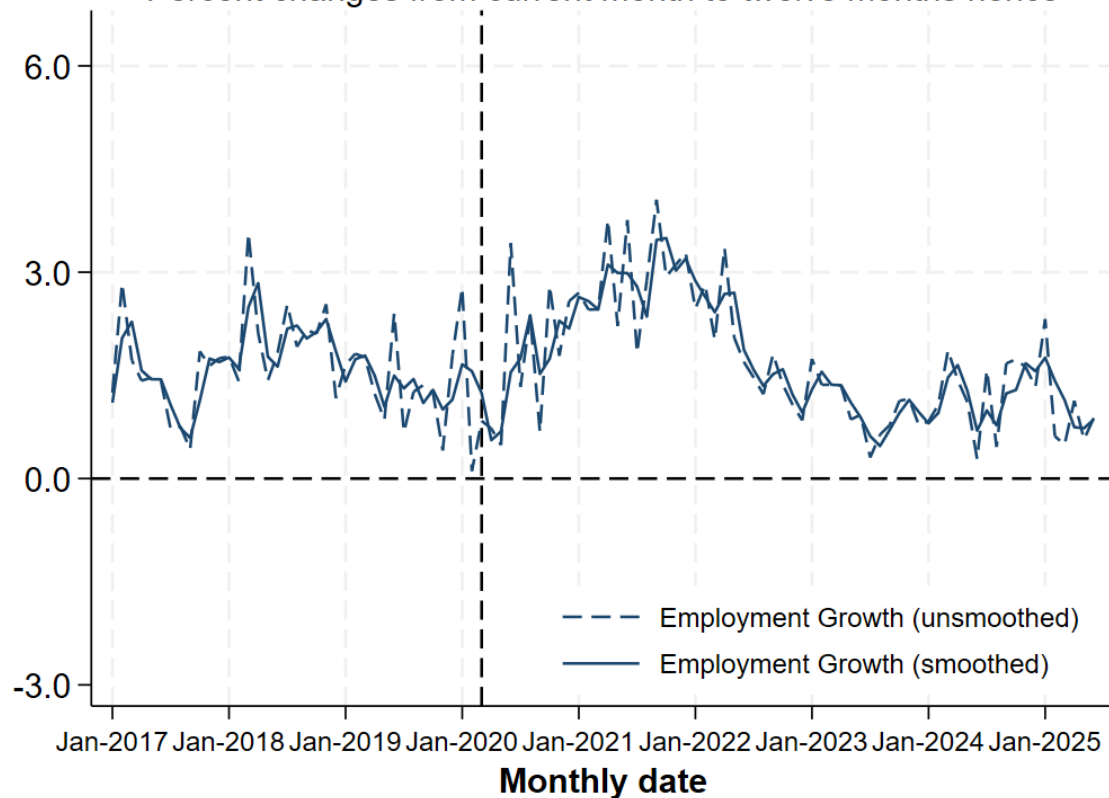
Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta. For more information, see "Surveying Business Uncertainty" by David Altig, Jose Maria Barrero, Nick Bloom, Steven J. Davis, Brent Meyer, and Nick Parker, NBER Working Paper No. 25956, February 2020. The vertical dashed lines shown in the plots mark the start of the COVID-19 pandemic.

Expected employment growth has decreased in recent months. Uncertainty about employment growth has returned to pre-pandemic levels.
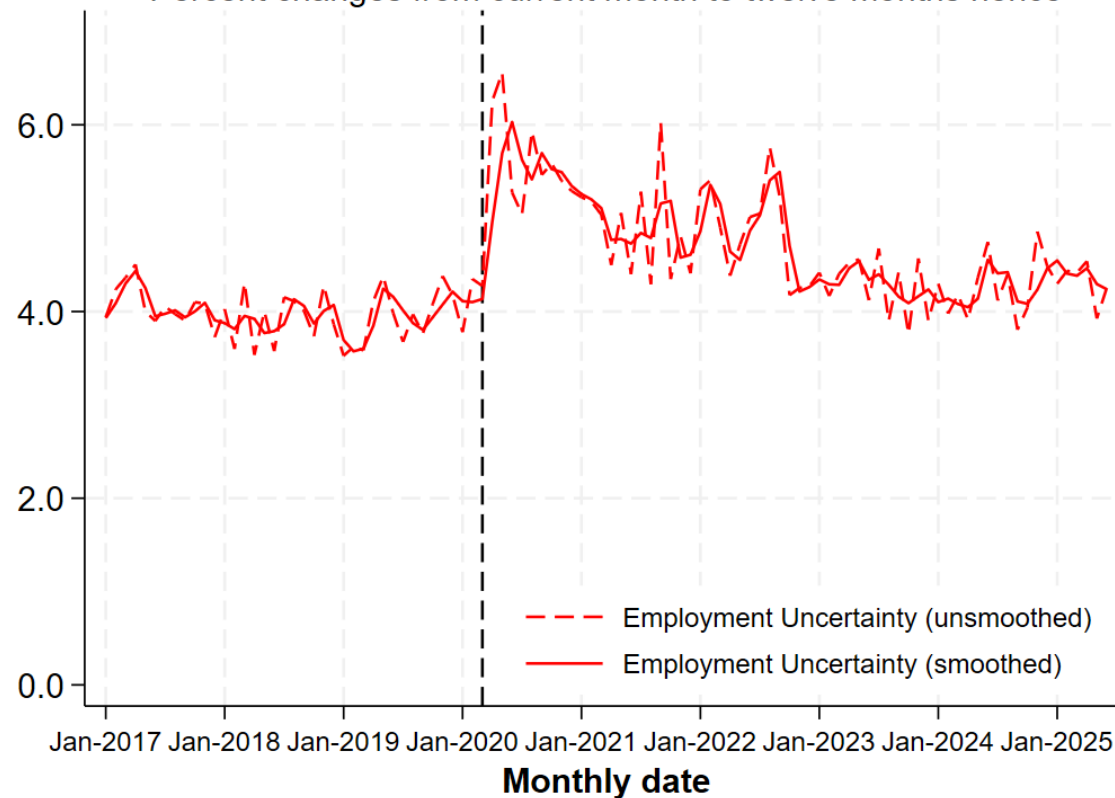
January 2017–June 2025

Year-Ahead Employment Growth Rate Expectations
Percent changes from current month to twelve months hence

- - - Employment Growth (unsmoothed)
—— Employment Growth (smoothed)

Year-Ahead Uncertainty about Employment Growth Rates
Percent changes from current month to twelve months hence

- - - Employment Uncertainty (unsmoothed)
—— Employment Uncertainty (smoothed)

NOTE: The charts show smoothed series.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta. For more information, see "Surveying Business Uncertainty" by David Altig, Jose Maria Barrero, Nick Bloom, Steven J. Davis, Brent Meyer, and Nick Parker, NBER Working Paper No. 25956, February 2020. The vertical dashed lines shown in the plots mark the start of the COVID-19 pandemic.

The distribution of sales growth rates across firms remains wider than before the pandemic.

January 2017–June 2025

Distribution of Sales Growth Rates over the Past Year
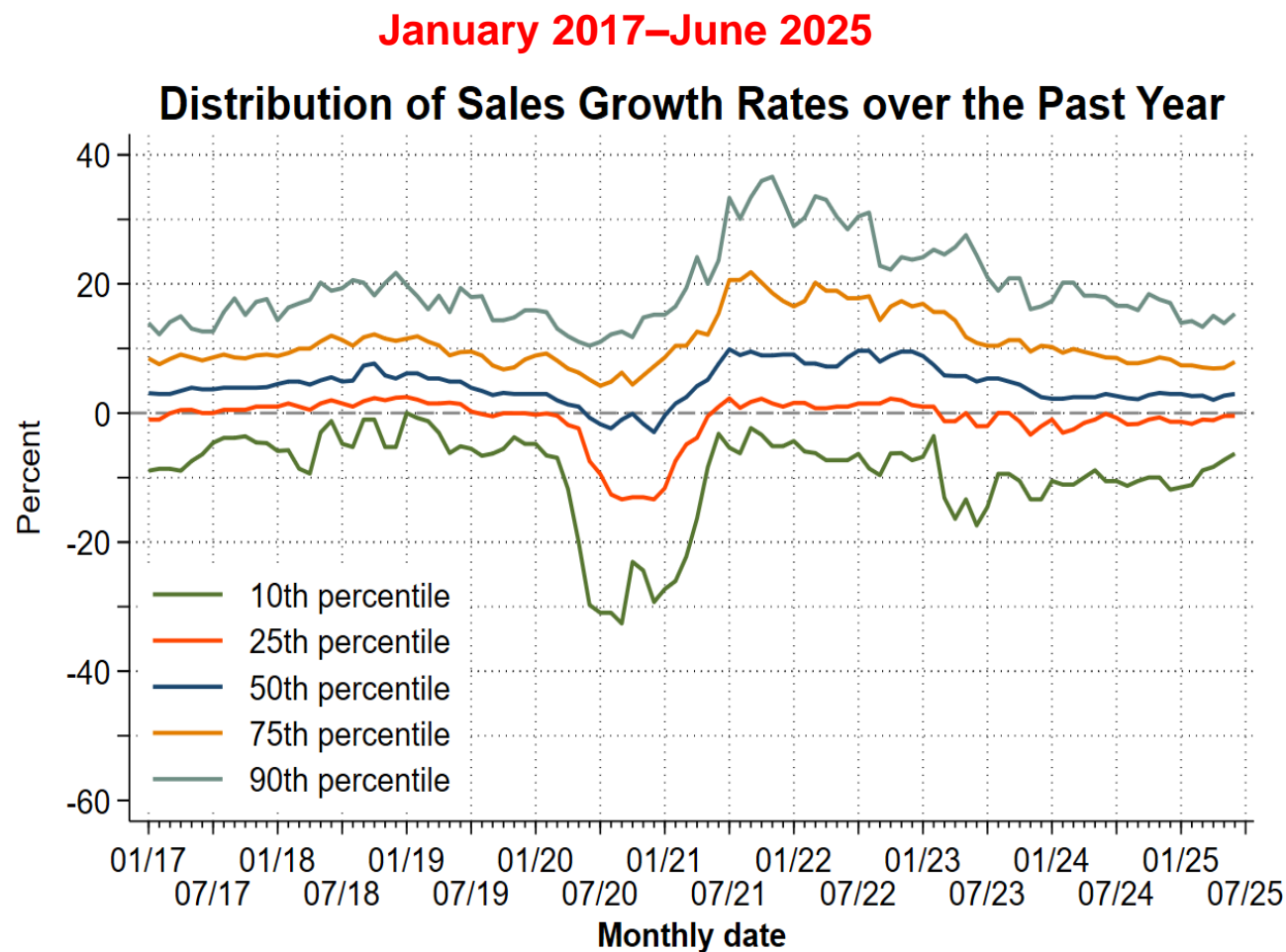
NOTES: Calculated using monthly data through June 2025. The chart shows smoothed series. Lines show percentiles of the activity-weighted distribution of firm-level sales growth rates over the past year.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta.

Business executives expect wages to grow at a slower pace over the next year than they grew over the previous year.

Question: What was the average growth rate of wages at your firm in the past 12 months? Over the next 12 months, what do you expect the average growth rate of wages to be at your firm?

	Nominal Wage Growth Realizations			Nominal Wage Growth Expectations		
	N	Mean	SE	N	Mean	SE
Overall	896	3.9	0.08	895	3.3	0.06
< 50 employees	349	3.5	0.15	348	3.4	0.12
50-99 employees	142	3.5	0.22	142	3.4	0.17
100-249 employees	167	3.7	0.16	167	3.0	0.14
> 250 employees	238	4.0	0.15	238	3.4	0.12
Construction, Real Estate, Mining & Utilities	157	3.9	0.14	157	3.3	0.13
Manufacturing	156	3.6	0.13	156	3.1	0.13
Retail & Wholesale Trade	149	3.0	0.22	149	2.9	0.18
Business Services	336	4.2	0.12	335	3.5	0.10
Other Services	97	4.4	0.31	97	3.6	0.22

Note: These questions were fielded in the May 2025 SBU survey wave (5/12/25 – 5/23/25). Data sampled across all states and private sectors. Data winsorized at the 1st and 99th percentiles.

SBU results are consistent with "official" estimates of realized wage growth over the past year. Survey evidence suggests that wage pressures will continue to ease over the next 12 months.

Question: What was the average growth rate of wages at your firm in the past 12 months? Over the next 12 months, what do you expect the average growth rate of wages to be at your firm?

**Measures of Nominal Wage Growth and Wage-Growth Expectations**

Realized 12-month growth rates								
	May '22		**May '23**		**May '24**		**May '25**	
	12-month percent change	through:	12-month percent change	through:	12-month percent change	through:	12-month percent change	through:
FRBA SBU Survey	5.4	May '22	5.2	May '23	4.1	FMay '24	3.9	May '25
Avg. Hourly Earnings (total private)	5.6	May '22	4.6	May '23	4.1	May '24	3.9	May '25
Expected 12-month ahead growth rates								
	12-month percent change	through:	12-month percent change	through:	12-month percent change	through:	12-month percent change	through:
FRBA SBU Survey	4.9	May '23	3.6	May '24	3.6	May '25	3.3	May '26
FRBNY SCE (median HH earnings)	3.0	May '23	3.3	May '24	3.1	May '25	4.0	May '26
FRB Philadelphia Mfg. Survey (wages + benefits)	5.0	Q2 '23	4.0	Q2 '24	3.5	Q2 '25	4.0	Q2 '26

Note: These questions have been fielded each May, starting in 2022. The May 2025 fielding period was 5/12/25 – 5/23/25. Data sampled across all states and private sectors. Data winsorized at the 1st and 99th percentiles.

Business executives reported that wages grew by an average rate of 3.5% over the past 12 months and expect wages to grow by an average rate of 3.2% over the next 12 months.

Question: What was the average growth rate of wages at your firm in the past 12 months? Over the next 12 months, what do you expect the average growth rate of wages to be at your firm?
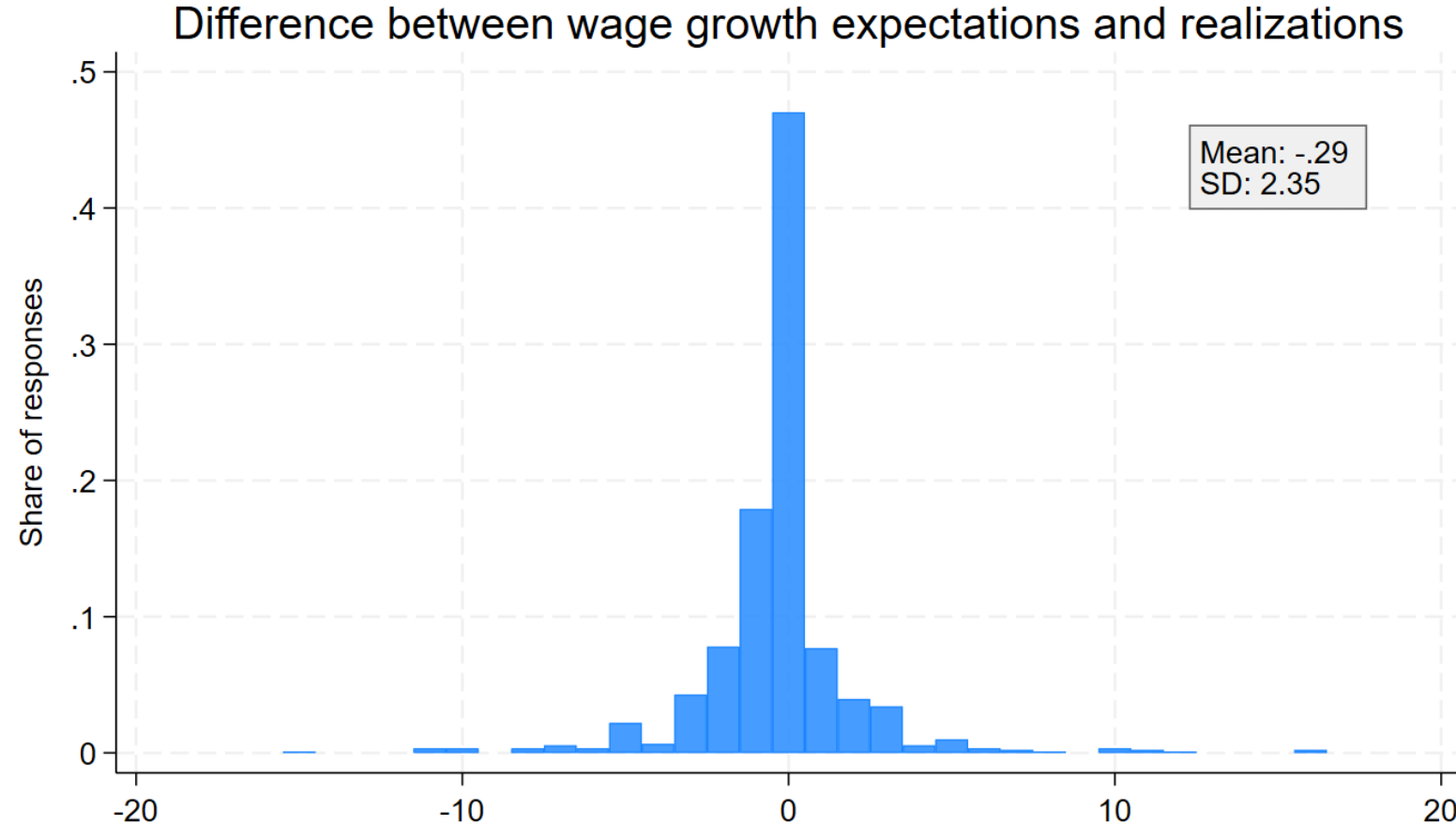
Average growth rate of wages at firm
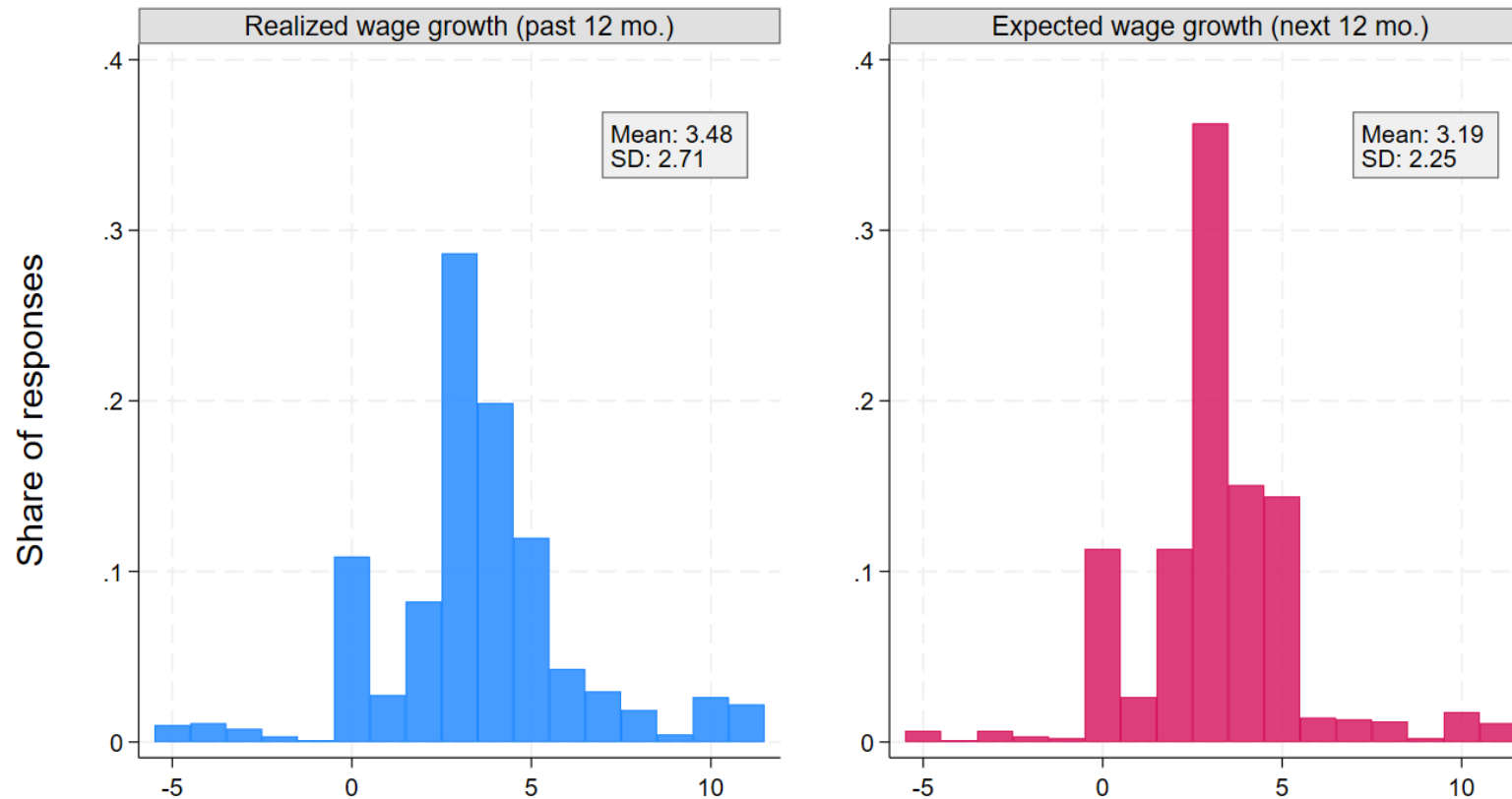
Note: These questions were fielded in the May 2025 SBU survey wave (5/12/25 – 5/23/25). Data sampled across all states and private sectors. Data winsorized at the 1st and 99th percentiles. $N_{realized}$ = 911, $N_{expected}$ = 910.

About 47% of business executives expect wages to grow by the same average rate over the next 12 months as they grew in the past 12 months.

Question: What was the average growth rate of wages at your firm in the past 12 months? Over the next 12 months, what do you expect the average growth rate of wages to be at your firm?

Difference between wage growth expectations and realizations
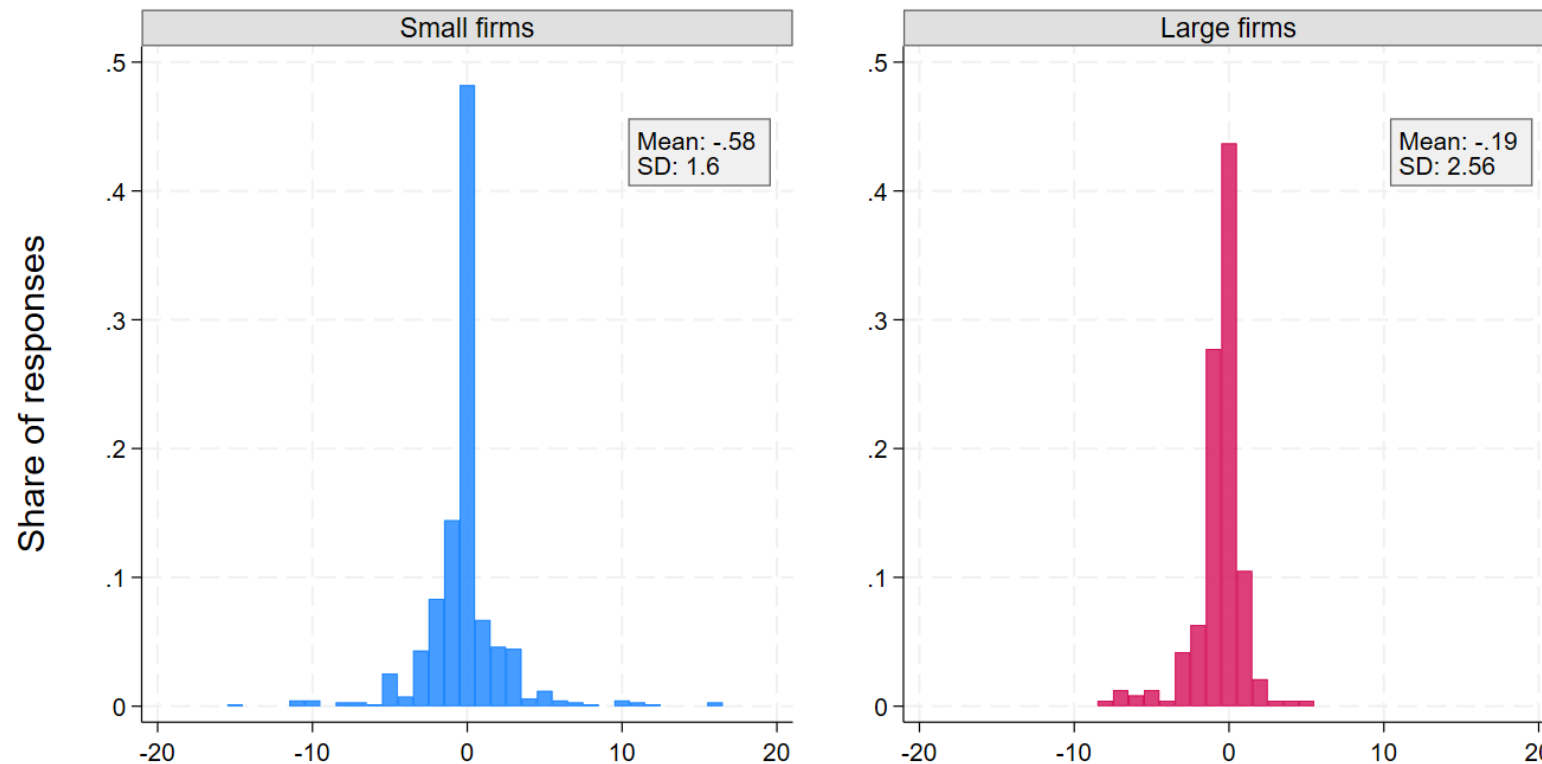
Mean: -.29
SD: 2.35

Note: These questions were fielded in the May 2025 SBU survey wave (5/12/25 – 5/23/25). Data sampled across all states and private sectors. Data winsorized at the 1st and 99th percentiles. N = 910.

There are some differences between small and large firm's wage growth realizations and expectations.

Question: What was the average growth rate of wages at your firm in the past 12 months? Over the next 12 months, what do you expect the average growth rate of wages to be at your firm?

Difference between wage growth expectations and realizations
By firm size

Small firms — Mean: -.58, SD: 1.6

Large firms — Mean: -.19, SD: 2.56

Note: These questions were fielded in the May 2025 SBU survey wave (5/12/25 – 5/23/25). Data sampled across all states and private sectors. Data winsorized at the 1st and 99th percentiles. N_small = 672, N_large = 238.

The mean forecasting error for wage growth is close to 0.

Question: What was the average growth rate of wages at your firm in the past 12 months? Over the next 12 months, what do you expect the average growth rate of wages to be at your firm?

Firm forecasting error (realized - expected)

Mean: .04
SD: 2.87
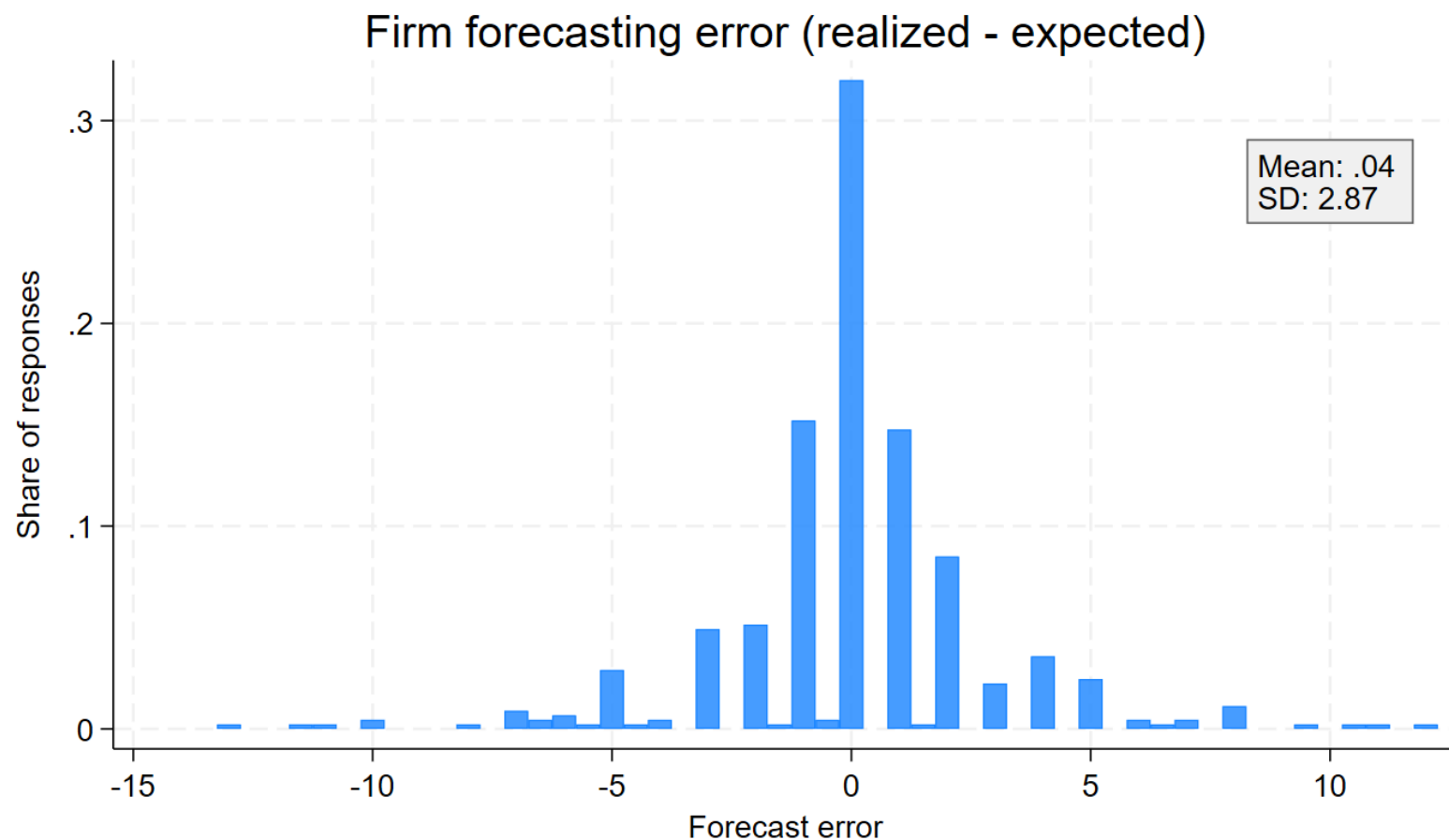
Note: These questions were fielded in the May 2024 (5/13/25 – 5/24/25) and May 2025 SBU survey wave (5/12/25 – 5/23/25). Data sampled across all states and private sectors. Data winsorized at the 1st and 99th percentiles. N = 447.

Computing Moments of the Firm-Level Subjective Forecast Distributions

We calculate first and second moments of the subjective growth rate distributions of employment and sales revenue over the next 12 months or four quarters, as appropriate. Following standard practice in the literature on business-level dynamics, we calculate the growth rate of x from $t-1$ to t as $g_t = 2(x_t - x_{t-1})/(x_t + x_{t-1})$.*

Employment

$CEmp$ = firm's current employment level, as reported by the respondent

$FEmp_i$ = employment 12 months hence in scenario i, for $i = 1,2,3,4,5$

p_i = the associated probabilities, $i = 1,2,3,4,5$

Scenario-Specific Growth Rates

$EGr_i = 2(FEmp_i - CEmp)/(FEmp_i + CEmp),\ i = 1,2,3,4,5$

First and Second Moments of the Subjective Growth Rate Forecast Distribution

$Mean(EGr) = \sum_{i=1}^{5} p_i\, EGr_i$

$Var(EGr) = \sum_{i=1}^{5} p_i (EmpGr_i - Mean(EGr))^2$

$SD(EGr) = \sqrt{Var(EGr)}$

Sales Revenue

$CSale$ = firm's sales revenue in the current quarter, as reported by the respondent

$FSaleGr_i$ = respondent's scenario–specific sales growth rate from now to four quarters hence, $i = 1,2,3,4,5$

p_i = the associated probabilities, $i = 1,2,3,4,5$

Implied Future Sales Level

$FSale_i = \left(1 + \frac{FSaleGr_i}{100}\right) CSale,\ i = 1,2,3,4,5$

Scenario–Specific Growth Rates (re–expressing respondent growth rates to our growth rate measure)

$SaleGr_i = 2(FSale_i - CSales)/(FSale_i + CSale) = 2FSaleGr_i/(FSaleGr_i + 2),\ i = 1,2,3,4,5$

First and Second Moments of the Subjective Growth Rate Forecast Distribution

$Mean(SaleGr) = \sum_{i=1}^{5} p_i\, SaleGr_i$

$Var(SaleGr) = \sum_{i=1}^{5} p_i (SaleGr_i - Mean(SaleGr)_i)^2$

$SD(SaleGr) = \sqrt{Var(SaleGr)}$

Subjective Expectations and Uncertainty Indices

We construct a monthly activity-weighted expectations (first-moment) index for employment growth and sales growth looking one year ahead. We also construct a monthly activity-weighted uncertainty (second-moment) index for the employment growth and sales growth looking one year ahead.

- In month t, the index for employment (sales) takes a value equal to the activity-weighted average of subjective mean employment (sales) growth rates looking one year hence ($Mean(Gr)$), averaging across all firms responding that month. We compute these subjective mean growth rates as described on slide 3, and winsorize them at the first and 99th percentiles before using them to construct the index.

- The month-t index of year-ahead subjective uncertainty for employment (sales) growth is the activity-weighted mean of ($SD\ (Gr)$) values across firms responding in month t. We compute these subjective standard deviations over growth rates as described on slide 3, and winsorize them at the first and 99th percentiles before inputting them into the index construction formula.

- When constructing first- and second-moment employment growth indexes, we weight firm i's subjective mean growth rate expectation and uncertainty by the average of its month-t employment ($CEmp_{it}$) and its expected employment level ($EEmp_{it}$). We top-code these weights at 500 to diminish the influence of outliers among very large firms.

- When constructing first- and second-moment sales revenue growth indexes, we weight firms i's subjective mean growth rate expectation and uncertainty by the average of its month-t sales revenue ($CSale_{it}$) and its expected sales level ($ESale_{it}$). We winsorize these activity-weights at the 1st and 80th percentile.

- Finally, we smooth our topic-specific indices by taking a moving average. We set the window for the moving average to 2 or 3 months, to match the panel structure of our survey.

Topic-specific Expected Excess Reallocation Indices

We construct forward-looking indices of excess job and sales revenue reallocation. These series measure the volume of cross-firm reallocation in economic activity above the reallocation required to support aggregate growth. For ease of exposition, we often refer to these as simply "reallocation rates":

- First, in each month t, we compute the activity-weighted average of own-firm expected gross job creation and destruction rates, which boils down to the activity-weighted average of the absolute value of subjective mean growth rates $|Mean(EGr)|$.

- Then, in each month t, we compute the absolute value of the activity weighted average of own-firm expected employment growth $Mean(EGr)$. This is effectively the absolute value of the employment growth expectations index in month t.

- We then obtain the expected job reallocation rate index value for month t by subtracting the outcome of the second bullet from the first. Letting w_{it} be firm i's activity weight in month t,

$$Expected\ Job\ Reallocation\ Rate_t = \sum_i w_t \cdot |Mean(EGr)| - \left|\sum_i w_t \cdot Mean(EGr)\right|$$

- Analogously, the expected sales revenue reallocation rate index in month t is the difference between the activity-weighted average of absolute expected sales growth rates, minus the absolute value of the average activity-weighted growth rate:

$$Expected\ Reallocation\ Rate\ For\ Sales\ Revenue_t = \sum_i w_t \cdot |Mean(SaleGr)| - \left|\sum_i w_t \cdot Mean(SaleGr)\right|$$

- We compute the subjective mean growth rates $Mean(EGr)$ and $Mean(SaleGr)$ as described on slides 18-21, and winsorize them at the 1st and 99th percentiles before using them to construct the index.

- Firm i's activity weight w_{it} is the average of its month–t employment or sales level ($Cemp_{it}$ or $CSale_{it}$) and its expected employment or sales level twelve months hence ($FEmp_{it}$ or $FSale_{it}$). We top–code these weights at 500 for employment and at the 80th percentile for sales to diminish the influence of outliers among very large firms.
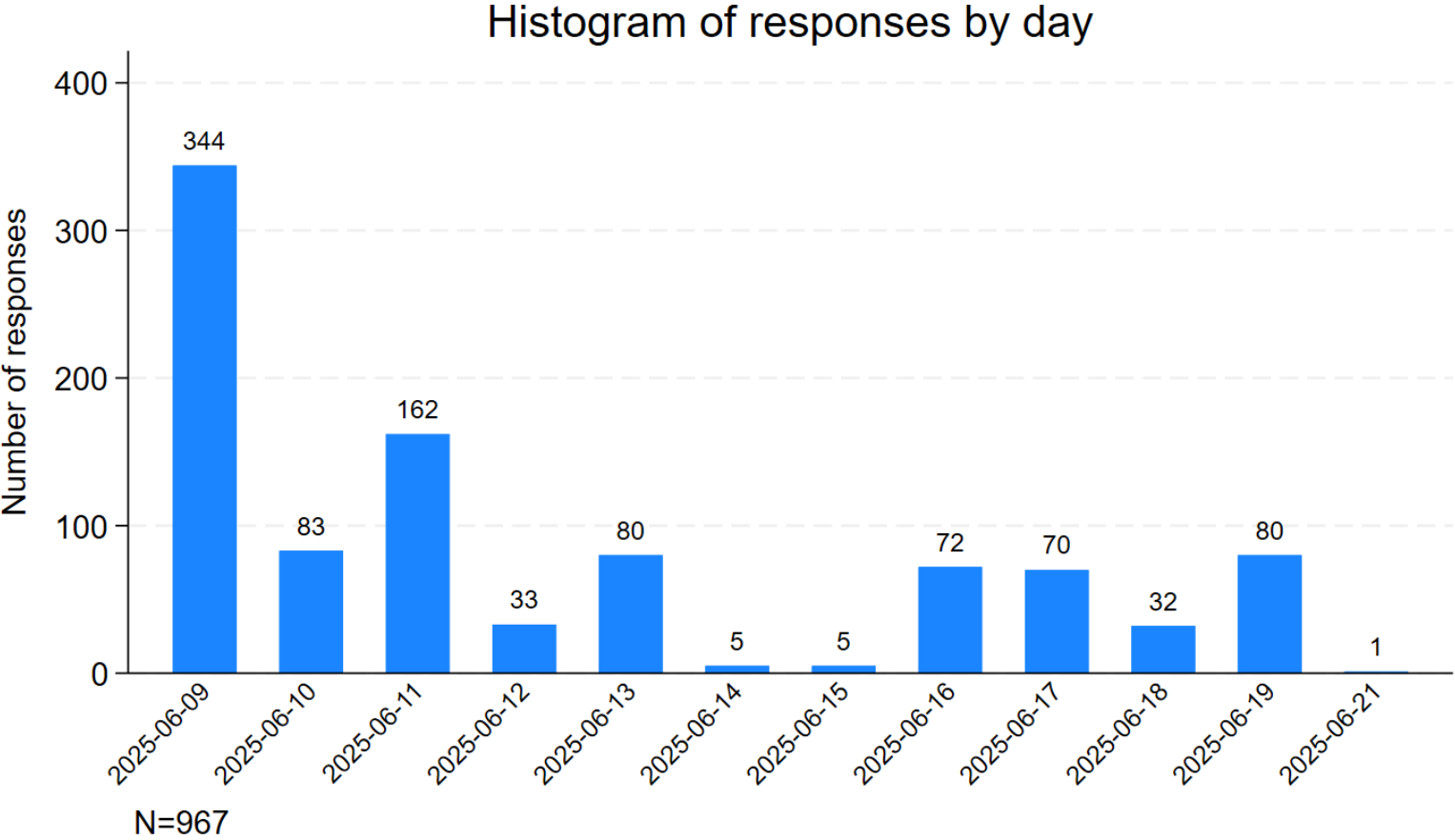
January 2017–June 2025
Subjective Distribution of Future Sales Growth Rates at a One-Year Horizon
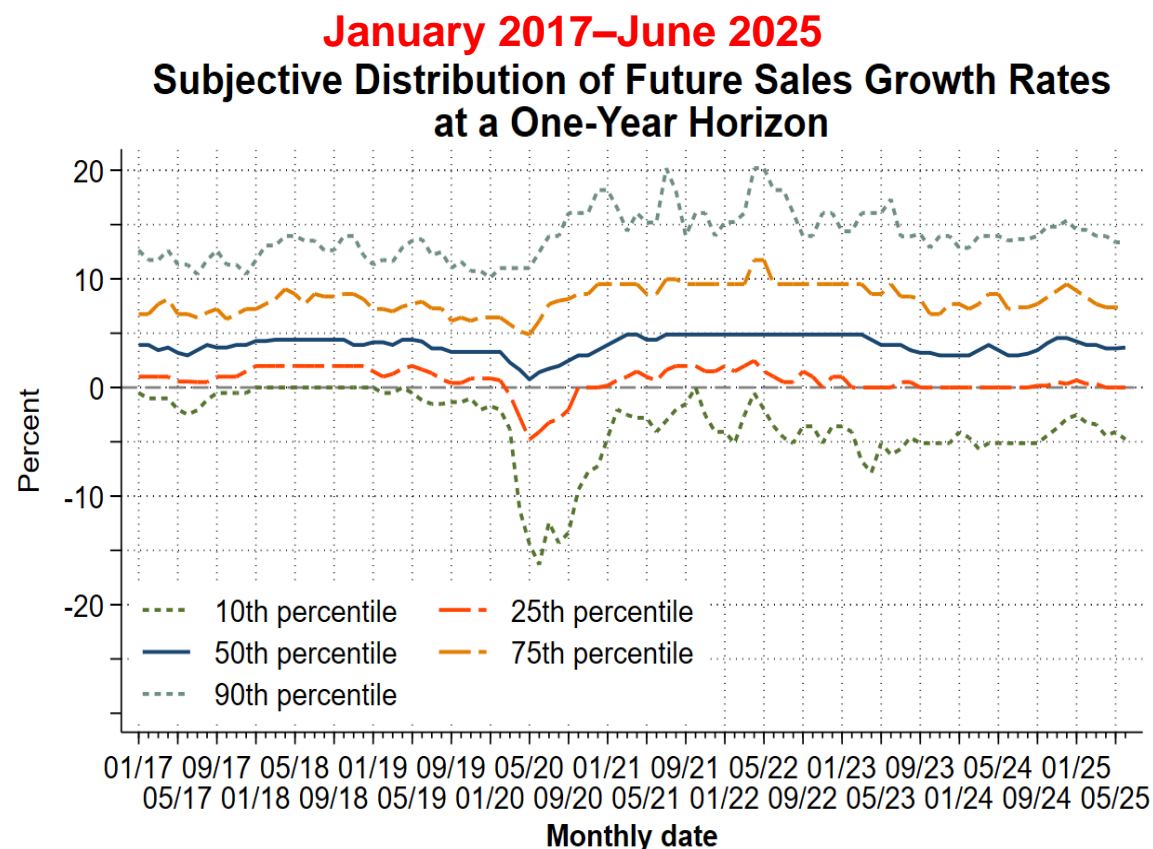
NOTES: Calculated using monthly data through June 2025. The charts show smoothed series. This is a plot of the subjective distribution for the representative firm's future sales growth rates over a 4-quarter look-ahead horizon. To calculate this distribution, we pool over all firm-level subjective forecast distributions in the indicated month and weight each firm by its activity level. Then we use the probabilities assigned to each possible future sales growth rate to obtain activity-weighted quantiles of the future sales growth rate distribution.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta.

June 2025

Histogram of responses by day

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta.